1	FEDERAL ELECTION COMMISSION	
2	FIRST CENED	AL COUNSEL'S REPORT
4	FIRST GENER	AL COURSEL S REPORT
5	•	MUR: 7024
6		DATE COMPLAINT FILED: March 16, 2016
7		DATE OF LAST NOTIFICATION: July 21, 2016
8	•	LAST RESPONSE RECEIVED: August 23, 2016
9		DATE ACTIVATED: August 23, 2016
10		
11		EXPIRATION OF SOL: Ongoing
12		ELECTION CYCLE: 2016
13	•	
14	COMPLAINANTS:	Cause of Action Institute
15		Daniel Z. Epstein
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17	RESPONDENTS:	Van Hollen for Senate and Stacey Maud in her
18		official capacity as treasurer
19		Van Hollen for Congress and Stacey Maud in her
20		official capacity as treasurer
21		Christopher Van Hollen, Jr.
22		Democracy 21
23		The Campaign Legal Center
24		Wilmer Cutler Pickering Hale and Dorr LLP
25		
26	RELEVANT STATUTES AND	52 U.S.C. § 30101(8)(A)
27	REGULATIONS:	52 U.S.C. § 30116
28		52 U.S.C. § 30118
29		52 U.S.C. § 30104(b)
30		11 C.F.R. § 100.52(d)
31		11 C.F.R. § 114.2(a)
32		11 C.F.R. § 110.1(b)
33		11 C.F.R. § 104.3
34	INTERNAL DEPONTS CHECKEN.	Disalogues Reports
35 36	INTERNAL REPORTS CHECKED:	Disclosure Reports
37	FEDERAL AGENCIES CHECKED:	None
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38	I. INTRODUCTION	
39	The Complaint in this matter alleg	es that Representative Christopher Van Hollen
40	received prohibited and excessive contributions in the form of pro bono legal services from the	
41	law firm of Wilmer Cutler Pickering Hale and Dorr LLP ("Wilmer Hale"), as well as the non-	
42	profit corporations Democracy 21 and The Campaign Legal Center ("CLC"), in violation of the	

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- Federal Election Campaign Act of 1971, as amended (the "Act"). Because the record indicates
- 2 that the legal services Van Hollen received do not meet the Act's definition of "contributions,"
- 3 we recommend that the Commission find no reason to believe that the Respondents violated the
- 4 Act, and close the file.

II. FACTUAL BACKGROUND

Van Hollen was elected to the United States House of Representatives in 2002, and served as the representative for the 8th District of Maryland since that time. In 2015, he announced his candidacy for the United States Senate. As a candidate and congressman, Van Hollen has been a prominent advocate for campaign finance reform, calling for heightened donor disclosure requirements in connection with the funding of electioneering communications and independent expenditures.

In 2011, Van Hollen filed a rulemaking petition with the Commission regarding disclosure of independent expenditures.⁴ The same year, he also filed a lawsuit challenging a Commission regulation governing the disclosure of electioneering communications.⁵ In his complaint against the Commission, Van Hollen described himself as a "future candidate for federal office" and a "fundraiser" as well as a sitting member of Congress.⁶ He asserted a "protected interest in participating in elections untainted by expenditures from undisclosed sources for 'electioneering communications,'" and stated that he was a likely target of

Compl. ¶ 14 (Mar 16, 2016).

² Id. Van Hollen was elected to the United States Senate in 2016.

See, e.g., Compl. ¶ 3, n.1 (describing Van Hollen as "the leading force in the U.S. House of Representatives for Campaign Finance Reform"); id. ¶¶ 4-6.

⁴ Compl. ¶ 18; id. Ex. 4 (Complaint, Van Hollen v. FEC, No. 11-766, 851 F. Supp. 2d 69 (D.D.C. Apr. 21, 2011)).

⁵ *Id*.

⁶ Compl. ¶ 19.

- advertisements "financed by anonymous donors, and [would] not be able to respond by . . .
- 2 drawing to the attention of voters in his district the identity of persons who fund such ads." In a
- 3 press release announcing the lawsuit, Van Hollen stated that he would "continue to press for
- 4 greater donor disclosure in the court, and in Congress, in order to bring in the much-needed
- 5 sunlight."8

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Van Hollen received *pro bono* legal services in the rulemaking proceedings from, and was represented in the law suit by, Wilmer Hale, Democracy 21, and CLC. Wilmer Hale is a law firm and a limited liability partnership that has provided *pro bono* services in "numerous campaign finance cases for three decades." A number of Wilmer Hale partners and employees provided legal services in connection with Van Hollen's lawsuit. Democracy 21 and CLC are nonprofit organizations with a history of advocacy in campaign finance. Both groups provided legal services in connection with Van Hollen's lawsuit as well as the rulemaking petition. ¹³

The Complaint alleges that the *pro bono* legal services that Van Hollen received in connection with the lawsuit and rulemaking petition constitute contributions under the Act worth "hundreds of thousands of dollars." The Complaint asserts that Wilmer Hale's legal services

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⁸ Compl. Ex. 3 (Press Release, Chris Van Hollen, Van Hollen Files Lawsuit Challenging FEC Regulations (Apr. 21, 2011)).

Compl. ¶ 17. The Complaint makes passing reference to other sources from whom Van Hollen may have received pro bono legal services — specifically, Public Citizen and the law firm of Sonosky, Chambers, Sachse, Endreson & Perry LLP. Compl. ¶ 17 & n.22. The Complaint's specific allegations, however, focus on services provided by CLC, Democracy 21, and Wilmer Hale.

Wilmer Hale Resp. Ex. A (Roger Witten Aff. ¶¶ 3; 9 (Aug. 23, 2016)).

Witten Aff. ¶ 6.

See, e.g., Democracy 21 and CLC Resp. Ex. I (Fred Wertheimer Aff. ¶¶ 3-4 (May 9, 2016)); id. Ex. J (Gerald Hebert Aff. ¶¶ 3-4 (May 9, 2016)).

Wertheimer Aff. ¶ 4; Hebert Aff. ¶ 4.

¹⁴ Compl, ¶ 7.

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- were therefore in excess of the Act's contribution limits for partnerships, and that Van Hollen
- 2 violated the Act by accepting those services. 15 Additionally, as corporations, Democracy 21 and
- 3 CLC are prohibited from contributing to Van Hollen's campaign; the Complaint accordingly
- 4 alleges that they violated the Act by doing so, and that Van Hollen violated the Act by accepting
- 5 the contributions. 16 The Complaint further alleges that all of these contributions to Van Hollen's
- 6 campaign should have been reported to the Commission.¹⁷

III. LEGAL ANALYSIS

The Complaint alleges that the legal services provided to Van Hollen by the outside groups constitute excessive and prohibited contributions under the Act. Partnerships may not make contributions in excess of the Act's limitations, ¹⁸ and corporations are prohibited from making "a contribution or expenditure in connection with any election . . ." ¹⁹ The Act defines "contribution" to include "any gift . . or anything of value made by any person for the purpose of influencing any election for Federal office," as well as "payment by any person of compensation for the personal services of another person which are rendered to a political committee without charge for any purpose." Commission regulations provide that the term "anything of value" includes in-kind contributions, such as "the provision of any goods or services without charge." The *pro bono* services at issue would therefore qualify as in-kind

¹⁵ Compl. ¶ 36.

¹⁶ Compl. ¶ 35.

¹⁷ Compl. ¶ 37.

¹⁸ 52 U.S.C. § 30116(a); 11 C.F.R. § 110.1(b).

¹⁹ 52 U.S.C. § 30118(a); 11 C.F.R. § 114.2(a).

⁵² U.S.C. § 30101(8)(A). In the context of corporations, the Act also defines contribution as "anything of value" given "to any candidate, campaign committee, or political party or organization, in connection with any election" 52 U.S.C. § 30118(b)(2).

²¹ 11 C.F.R. § 100.52(d)(1).

1 contributions subject to the restrictions of the Act if they were given to Van Hollen for the

2 purpose of influencing an election, or if they were rendered to Van Hollen's political committees

3 for any purpose.

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The Complaint contends that the legal services at issue meet the Act's definition of a "contribution" because they were "of direct benefit to the campaigns of a candidate for federal office."²² It does not appear, however, that the legal services were provided for the purpose of influencing an election, or that they were rendered to Van Hollen's campaign. Because the legal services do not qualify as contributions under either part of the Act's definition, there is no reason to believe that the Respondents violated the Act by providing and accepting those services.

A. The Legal Services Were Not Provided to Influence Van Hollen's Elections

The Complaint asserts that "it appears" that Wilmer Hale, Democracy 21, and CLC provided legal services "directly to Rep. Van Hollen in his capacity as a candidate for federal office."²³ It further acknowledges that to determine whether the services constitute contributions under the Act, it is necessary to determine whether they were given "for the purpose of influencing any election for federal office."²⁴

The record provides no basis for concluding that Wilmer Hale, Democracy 21, or CLC provided Van Hollen with *pro bono* legal services for the purpose of influencing any election, including Van Hollen's runs for the House of Representatives and the Senate. The Respondents expressly deny that the provided legal services were intended to influence or related to any

²² Compl. ¶ 17.

²³ Compl. ¶ 28.

²⁴ Compl. ¶ 30 (quoting 52 U.S.C. § 30101(8)(a)(i)).

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- election, and have submitted affidavits to that effect.²⁵ Wilmer Hale asserts instead that it
- 2 engaged in representation of Van Hollen for the "sole purpose" of "challeng[ing] the relevant
- 3 FEC regulation in court."26 Democracy 21 and CLC similarly state that each organization's
- 4 "purpose in participating in these matters is to further its longstanding organizational goals in
- 5 particular, the proper interpretation and administration of campaign finance laws."²⁷
- 6 Respondents further assert that Van Hollen's purpose for serving as plaintiff was "to guarantee
 - standing under D.C. Circuit law and thus avoid any potential jurisdictional issues that might have
- 8 otherwise hindered . . . efforts to pursue a legal challenge to the regulations at issue."28

The record supports Respondents' contention that their purpose in providing the services at issue was not to influence Van Hollen's election, but instead was to challenge the

- 11 Commission's interpretation of a generally applicable law.²⁹ Notably, the Complaint itself does
- not allege otherwise. Instead, it relies heavily upon Advisory Opinion 1990-05 (Mueller), where
- the Commission addressed whether a candidate's personal funding and distribution of a
- 14 newsletter discussing public policy was for the purpose of influencing a federal election,

See Wertheimer Aff. ¶ 4 ("Democracy 21... is not seeking to influence the outcome of any particular election."); Hebert Aff. ¶ 4 (same, as to CLC); Witten Aff. ¶ 9 (Wilmer Hale "had nothing whatsoever to do with Rep. Van Hollen's election campaign," and "it was not [the firm's] purpose or intent to do so.").

Witten Aff. ¶ 9.

Hebert Aff. ¶ 4; Wertheimer Aff. ¶ 4.

²⁸ Democracy 21 and CLC Resp. at 12-13 (May 9, 2016).

The Commission has previously stated that the financing of activities involving the participation of a federal candidate will result in a contribution to that candidate if the activities involve "(i) the solicitation, making or acceptance of contributions to the candidate's campaign, or (ii) communications expressly advocating the nomination, election or defeat of any candidate." Advisory Op. 1994-15 at 2 (Byrne) (citations omitted). Here, the "activities" at issue in the Complaint — that is, the rulemaking petition and the lawsuit — did not involve contributions to Van Hollen's campaign or any communications that advocated for his election, or that of any other federal candidate. The Commission may also go beyond the two-part test to assess whether an activity objectively appears intended to influence a federal election. See, e.g., id.; Advisory Op. 1990-05 at 2 (Mueller). Assessment of the totality of the circumstances here, including the legal service providers' lengthy history of activity in the campaign finance area long before Van Hollen was a candidate, likewise compels the conclusion that the services were not provided for the purpose of influencing his election.

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1 concluding that "presentation of policy issues or opinions closely associated with [the candidate

or] campaign would inevitably be perceived by readers as promoting [her] candidacy, and

3 viewed by the Commission as election-related and subject to the Act."30

The Complaint states that the issue of "whether the activity in question conferred a recognizable benefit or value to the candidate" was "[o]f primary importance" to the Commission in that matter. It contends that "guidance" from the Opinion demonstrates that the legal services here must be treated as contributions because of the "connection" between the lawsuit and rulemaking petition, *i.e.*, "Rep. Van Hollen's policy initiatives, and the campaigning he has done, and continues to do, on campaign donor disclosure." That Advisory Opinion, however, is not instructive in the present matter. There, the Commission expressly noted that it was addressing the unusual "question of whether candidate involvement is campaign related . . . in the factual context of activity sponsored or funded by the candidate personally." It emphasized a number of specific factors tying the activity to the candidate and her campaign, and concluded that editions of the newsletter containing articles that referred to issues raised in the campaign — as well as editions that referenced the candidate or her opponent's candidacy,

The unusual circumstances present in *Mueller* are not found here.³³ And Commission precedent demonstrates that the provision of legal services to candidates and officeholders has

campaign, qualifications for public office, or views on public policy — would be considered

expenditures for the purpose of influencing Mueller's election to Congress.

³⁰ Compl. Ex. 13 (AO 1990-05) at 4.

³¹ Compl. ¶¶ 31-32.

³² AO 1990-05 at 2.

The Commission noted, for example, that the newsletter was "originated, sponsored, implemented, and funded by" the candidate and evidently inspired by her experiences as a previous Congressional candidate, that it was "sent primarily to . . . potential supporters of [her] candidacy," that individuals involved in the campaign were also involved in publishing the newsletter, and that it covered issues such as "the makeup of Congress." *Id.* at 4.

- not been treated as a contribution under the Act when the litigation does not arise out of, relate
- 2 directly to, or seek to influence a particular election, even when it may have provided
- 3 reputational or incidental benefit to a candidate.³⁴ In contrast, if the underlying dispute arises out
- 4 of an election, or if a particular outcome would benefit a particular candidate, the Commission
- 5 has found that related legal services are contributions subject to the Act.³⁵ Here, the outcome of
- 6 the lawsuit itself could not have conferred any specific benefit to Van Hollen, as any change in
- 7 Commission regulations would apply to all candidates. In other words, the legal services were
- 8 related to elections generally, and were not conferred for the purpose of influencing Van
- 9 Hollen's candidacy or any other election in particular.³⁶ The absence of any objective or
- subjective indication that Wilmer Hale, Democracy 21, or CLC offered pro bono services for the
- purpose of influencing an election, coupled with a record supporting their proffered explanations
- for their involvement, strongly suggests that the services should not be treated as contributions to
- 13 Van Hollen.

See, e.g., Advisory Op. 1982-56 at 2 (Jacobs) ("[A]lthough media or other public appearances by candidates may benefit their election campaigns, the person defraying the costs of such an appearance will not be deemed to have made a contribution in-kind to the candidate absent an indication that such payments are made to influence the candidate's election to Federal office."); Advisory Op. 1982-35 at 2 (Hopfman) (funds raised for candidate's challenge of a party rule that might preclude him from appearing on the ballot not a contribution as the lawsuit is "a condition precedent to the candidate's participation in the primary election"). The Commission has similarly concluded that contributions would not result from candidates serving as chairpersons of political or charitable organizations or appearing on radio programs focused on discussing issue advocacy. See Advisory Ops. 1978-56 (Crane for President Comm.); 1978-15 (Fazio); and 1977-42 (Hechler).

See, e.g., MUR 6494 (Schmidt for Congress, et al.); Advisory Op. 1980-57 (Gonzalez).

On the same basis, nor were the pro bono services provided by Democracy 21 and CLC "in connection with" an election. See Advisory Op. 2010-03 at 4 (Nat'l Democratic Redistricting Trust) (reasoning that redistricting plans "govern how future elections are conducted," but are not "means to participate in those elections," and concluding that although "redistricting litigation often has political consequences... spending on such activity is sufficiently removed that it is not 'in connection with' the elections themselves."); cf. MUR 6494 (Schmidt for Congress, et al.) (finding that legal costs in a defamation suit were "in connection with" an election because the proceedings were "directly related to pre-election statements" made by a candidate about his opponent).

B. The Legal Services Were Not Provided to Van Hollen's Campaign Committees

Under the Act, "the payment by any person of compensation for the personal services of another person which are rendered to a political committee without charge for any purpose"—
i.e., regardless of the intent of the donor—will also constitute a contribution.³⁷ Because the employees of Wilmer Hale, Democracy 21, and CLC were compensated by their employers for their work on the lawsuit and rulemaking petition at issue, the legal services would be a contribution if provided to Van Hollen's political committees.

The Commission has previously found that *pro bono* legal work such as preparing a litigation brief, will constitute a contribution if rendered to a political committee.³⁸ And in a recent matter, MUR 6494 (Schmidt for Congress, *et al.*), OGC recommended and the Commission found reason to believe that *pro bono* legal services were provided to a candidate's political committee, and not solely to the candidate in her individual capacity, despite the respondents' assertions to the contrary.³⁹ OGC noted that multiple legal documents prepared in the underlying litigation listed the political committee as a party, suggesting that the candidate *and* the committee were the intended beneficiaries of the legal services.⁴⁰ OGC also cited deposition testimony from committee staff members as well as *pro bono* counsel, indicating that they believed the committee to be a recipient of the legal services.⁴¹ And finally, OGC noted that the conduct underlying the legal proceedings "was directly related to pre-election statements

³⁷ 52 U.S.C. § 30101(8)(A)(ii).

See, e.g., Advisory Op. 2006-22 (The Wallace Committee) (explaining that a corporate law firm makes a contribution to a political committee if it pays the usual compensation of an attorney that drafts a brief on behalf of a political committee at no charge to the committee, regardless of the nature of the case).

First Gen. Counsel's Rpt. at 14-17, MUR 6494 (Schmidt for Congress, et al.).

Id. at 14.

⁴¹ Id. at 14-15.

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1 ... [made] in order to influence the election."⁴² The proceedings were considered to be "in

2 connection with a Federal election," and the legal services provided were deemed an in-kind

3 contribution to the political committee.⁴³

In contrast, in this matter there is no indication that Wilmer Hale, Democracy 21, or CLC

5 intended to (or did) work on behalf of Van Hollen's campaign committees. Respondents deny

having done so: The Responses and accompanying affidavits assert that the parties provided

their legal services to Van Hollen himself and not to his political committees.⁴⁴ They also

highlight aspects of the record suggesting that Van Hollen's political committees were not

involved in the litigation or rulemaking.⁴⁵

As Respondents stress, there is a longstanding practice of providing free legal support to federal officeholders to assist with challenges to, or advocacy regarding, laws and issues of general applicability, and such services have not been treated as a contribution to the officeholder's political committee. Respondents highlight a few notable examples, and assert generally that elected federal officials routinely rely on *pro bono* legal support when engaging in litigation (either as parties or amici) that does not further their candidacy or otherwise bear on a

⁴² Id. at 16-17.

⁴³ *Id.*

See, e.g., Witten Aff. ¶ 8 (stating that the firm's "client has been Rep. Van Hollen and no other person or entity," that it "represents him personally and not as a candidate," and that it "does not and never has represented Rep. Van Hollen's campaign committee in connection with these or any other matters."); Hebert Aff. ¶ 5 (stating that during CLC's "participation in these matters, our client has been [Van Hollen]," and that it does "not represent Representative Van Hollen's campaign committee in connection with [the rulemaking or lawsuit]"); Wertheimer Aff ¶ 5 (same, as to Democracy 21).

For example, the complaint filed against the Commission listed Van Hollen (and not his campaign committee) as the plaintiff, Van Hollen was the sole petitioner in the rulemaking, press releases regarding the proceedings were issued by Van Hollen's Congressional office and not his campaign, and the outside groups assert that they worked with Van Hollen and his House of Representative staff (as opposed to his campaign staff) in connection with the proceedings. See, e.g., Democracy 21 and CLC Resp. at 20; Witten Aff. ¶ 8 ("All of my and WilmerHale's dealings on these matters were with Rep. Van Hollen and his congressional staff, and there were no dealings with his campaign committee or campaign staff. All of my and WilmerHale's communications with Rep. Van Hollen and his congressional staff related exclusively to the litigation, and WilmerHale has had no communications with them about Rep. Van Hollen's election campaign."); Wilmer Hale Resp. at 6.

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- 1 specific election. 46 Distinct from matters such as Schmidt where the legal work was
- 2 apparently done on behalf of a political committee and was directly connected to a particular
- 3 election are cases like Buckley, McConnell, and this matter, which, "while obviously related
- 4 to elections, do not seek to influence any particular result."47

C. There is No Reason to Believe that Respondents Violated the Act

The Complaint alleges that the legal services provided by Wilmer Hale were contributions subject to the Act's limitations, and that the Act therefore bars the making and acceptance of any contributions in excess of the limits.⁴⁸ The Complaint further alleges that Democracy 21 and CLC made prohibited corporate contributions to Van Hollen, and that Van Hollen violated the Act by accepting them.⁴⁹ Finally, the Complaint correctly asserts that the Act requires Van Hollen to disclose his campaign-related contributions and disbursements, and alleges that Van Hollen violated the Act by failing to disclose the receipt of *pro bono* legal services.⁵⁰ As addressed above, however, the legal services Van Hollen received do not qualify

See, e.g., Democracy 21 and CLC Resp. at 1 (noting that in Buckley, "lawyers worked pro bono to represent a group of plaintiffs that included elected officials and political parties" and that in McConnell, "the current Senate Majority Leader relied on pro bono legal services to serve as the lead plaintiff in a challenge" to BCRA); Van Hollen Resp. at 1 (May 9, 2016) ("Since the enactment of the Act, federal officeholders and candidates have received pro bono legal services to challenge, defend and shape the provisions of the Act and its implementing regulations, with no suggestion or finding that these candidates were thereby violating the Act.").

Van Hollen Resp. at 3.

Compl. ¶ 36. See also 52 U.S.C. § 30116(a) (barring contributions to candidates and authorized political committees in excess of the act's limitations); (f) (barring candidates and political committees from knowingly accepting such contributions).

Compl. ¶ 35. See also 52 U.S.C. § 30118(a) (prohibiting corporations from making contributions in connection with any election to political office and candidates and political committees from accepting corporate contributions).

Compl. ¶ 37. The Act and Commission regulations provide that political committees such as Van Hollen for Senate and Van Hollen for Congress must file regular disclosures of itemized receipts, including the name and address of each person who has contributed in an aggregate or amount or value in excess of \$200 within a calendar year — including in-kind contributions — together with the date and amount of any such contribution. 52 U.S.C. § 30104(b)(2)-(6); 11 C.F.R. §§ 104.3(a)(3),(4); (b)(2),(4); 100.52(d)(1).

- as contributions, and Van Hollen was therefore not required to report them. We recommend that
- 2 the Commission find no reason to believe that Respondents violated the Act, and close the file.

IV. RECOMMENDATIONS

> 22.

- 1. Find no reason to believe that Van Hollen for Senate, and Stacey Maud, in her official capacity as Treasurer, violated 52 U.S.C. §§ 30104(b), 30116(f), or 30118(a);
- 2. Find no reason to believe that Van Hollen for Congress, and Stacey Maud, in her official capacity as Treasurer, violated 52 U.S.C. §§ 30104(b), 30116(f), or 30118(a);
- 3. Find no reason to believe that Christopher Van Hollen, Jr. violated 52 U.S.C. §§ 30104(b), 30116(f), or 30118(a);
- 4. Find no reason to believe that Wilmer Cutler Pickering Hale and Dorr LLP violated 52 U.S.C. § 30116(a);
- 5. Find no reason to believe that Democracy 21 violated 52 U.S.C. § 30118(a);
- 6. Find no reason to believe that The Campaign Legal Center violated 52 U.S.C. § 30118(a);
- 7. Approve the attached Factual and Legal Analysis;
- 8. Approve the appropriate letters; and
- 9. Close the file.

DATE: 11-21-16

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